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# Vietnam

## Grain and Feed

### May Rice Update

### 2005

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**Report Highlights:**

Vietnam 2005's first quarter rice export nearly reached 1,000 tmt, 25% higher than the same period of 2004. Rice export value achieved approximately USD 250 million, 50% greater than that of 2004 due to high and stable export prices in from early 2005 compare with 2004.

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Includes PSD Changes: Yes

Includes Trade Matrix: No

Unscheduled Report

Hanoi [VM1]

[VM]

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## PRODUCTION

Forecast of Vietnam rice production in 2005 is declining in total production, Post revises total production to be at 33,109 million metric tons (MMT) of rice paddy, 0.43 MMT lower than last estimate and 0.35 MMT compare with that of 2004. Although revised Winter-Spring (W-S) crop production revised up, Summer-Autumn (S-A) production is expected a substantial lost due to S-A crop suffers directly severe drought in the region.

### Winter-Spring (W-S) rice crop 2005

Production of W-S crop would probably set a new record this year thanks to both increasing production area and better yielding.

As of April 15, 2005, According to Ministry of Agriculture and Rural Development (MARD), provinces in Southern Vietnam, mainly Mekong River Delta (MRD), has already harvested around 9.2 MMT of paddy, 0.3 MMT on top of that of 2004 at the same time and region. Some provinces have shown remarkably high yield such as: Can Tho 6.9 tons/hectare (t/ha), An Giang 6.55 t/ha, Dong Thap 6.50 t/ha, Hau Giang 6.21 t/ha, Vinh Long 6.20 t/ha.

Fragrant rice production in W-S crop is account for about 22% of total production area in MRD with average yield 5 t/ha.

It is still planting time in Northern provinces, harvest will at peak at June-July. According to Ministry of Agriculture and Rural Development, weather is favorable for farmers with warm temperature and drizzling rain.

### Summer-Autumn (S-A) rice crop 2005

Due to severely affected by long lasting drought in the region, Post re-estimates the area for S-A 2005 as a smaller acreage as 2,240 thousand hectares (tha) down 130 tha from last estimate and 2004's crop. Yield is also expected 0.05 tons lower per hectare harvested compare with last estimation. The main area of S-A crop is in MRD other than Red River Delta (RRD). As of end April, planting area reached 56% planning, approximately the same size with that of the same period in 2004.

According to MARD, also as of end April, Nearly 20 tha of early S-A crop has been harvested with fairly good yield. Around 500 tha of S-A crop is expectedly harvested by June 2005.

**Table 1: Vietnam Rough Rice Area, Yield and Production (Revised May, 2005)**

	2003		2004		2005 Estimate	
Harvested Area (tha)	Old	New	Old	New	Old	New
Lua Mua (10th month)	2,170	2,170	2,103	2,103	2,110	2,110
Winter-Spring	3,000	3,000	2,995	2,995	2,980	2,940
Summer-Autumn	2,235	2,300	2,360	2,370	2,370	2,240
<b>TOTAL</b>	<b>7,405</b>	<b>7,470</b>	<b>7,458</b>	<b>7,468</b>	<b>7,460</b>	<b>7,460</b>
Yield (mt/ha)						
Lua Mua (10th Month)	3.74	3.74	3.73	3.73	3.73	3.73

Winter-Spring	5.20	5.20	5.26	5.26	5.25	5.40
Summer- Autumn	3.85	3.87	4.10	4.16	4.23	4.18
<b>TOTAL</b>	<b>4.36</b>	<b>4.37</b>	<b>4.46</b>	<b>4.48</b>	<b>4.50</b>	<b>4.44</b>
<b>Production (tmt)</b>						
Lua Mua (10th Month)	8,116	8,116	7,844	7,844	7,870	7,870
Winter-Spring	15,600	15,600	15,754	15,754	15,645	15,876
Summer- Autumn	8,605	8,901	9,676	9,859	10,025	9,363
<b>TOTAL</b>	<b>32,321</b>	<b>32,617</b>	<b>33,274</b>	<b>33,457</b>	<b>33,540</b>	<b>33,109</b>

## PRICES

Exchange rate VND 15,840 equal to \$1 as of April 30, 2005

### Domestic prices

#### In the North

Paddy prices in Northern provinces are stable on the high side, ranging from VND 2,600 to 2,800 per kilogram, same level compare with late March. Ordinary rice is quoted between VND 4,300-4,800 per kilogram compare with VND 4,000-4,800 in March.

#### In the MRD

Due to higher demand from exporters, Paddy and rice prices in the MRD are firmed at high levels when supply for export market is abundant. Fresh W-S paddy has been quoted at VND 2,300-2,400 per kilogram, nearly unchanged from March. According to Traders, Local Prices might increase in next few week if exporters win 400 thousand metric tons (TMT) tender in late May then more quantity to be procured for delivery.

### Export prices

In late April, Export prices of Viet rice were dropped USD 5-6/mt compare with those from late March, lack of demand and fresh deals has made prices a soft decline and stable during the month of April.

Export prices are currently being quoted at USD 256/mt, 254/mt, 250/mt, 246/mt for 5%, 10%, 15%, 25% broken rice respectively.

## EXPORTS

### Vietnam 2005's first quarter rice exports

Vietnam 2005's first quarter rice export nearly reached 1,000 tmt, 25% higher than the same period of 2004. Rice export value achieved approximately USD 250 million, 50% greater than that of 2004 due to high and stable export prices in from early 2005 compare with 2004.

415 tmt out of 550 tmt export to Asian countries was shipped to the Philippines in total of 850 tmt of rice signed today. Rice to Asian was up about 12% from 490 tmt of the first quarter of 2004, and remained biggest buyers of Vietnam's rice.

The greatest change was rice shipped to Cuba, 71% bigger in quantity compare with 2004.

Vietnam Prime Minister has agreed to sell to Cuba 425 tmt, in which 100 tmt is 15% and 325 tmt is 25% broken rice on 540 days payment, beside the government agreement of 200 tmt shipped to Cuba each year. In total, rice shipped to Cuba can reach 625 tmt in 2005.

Export to African countries was also up 59%, mainly 5% broken rice, which was around 3 times bigger in quantity compare with 2004.

Export of rice by grade, 25% broken rice was around 58% of the total quantity majorily for Philippines market, while 5% broken rice was 23% of total export and only equal to 64% of 2004.

Rice export to China through the border trade is still unavailable in official export figure. Vietnam looks at China as a very potential market, however, rice export to China on official trading has not been started due to delayed guidance from Vietnam authorities to Vietnamese rice exporters the procedures of phytosanitary and inspection for rice into China.

**Table 2: Vietnam Rice Export By Grade and Destination in 1st quarter of 2005**

	5%	10%	15%	25%	100%	Glutinous	Jasmine	Unknown	Total
<b>ASIA</b>	<b>69,677</b>	<b>4,222</b>	<b>46,962</b>	<b>426,576</b>	<b>550</b>	<b>480</b>	<b>250</b>	<b>506</b>	<b>549,223</b>
In which: Indonesia	2,250	1,220	480	501				506	4,957
Philippines	2,690	1,375	250	410,450					414,765
Malaysia	43,695	945	12,370	15,000		480			72,490
Singapore	5,492	432	4,437	625					10,986
East Timor	625	250	9,425				250		10,550
Iraq									
Iran	13,700								13,700
Syria									
Yemen									
North Korea									
Japan			20,000						20,000
Cambodia									
Hongkong									
others*	1,225				550				1,775
<b>AFRICA</b>	<b>147,489</b>	<b>6,000</b>	<b>66,550</b>		<b>36,220</b>				<b>256,259</b>

In which: Tanzania									
Senegal									
Angola									
Rwanda									
Ghana									
Uganda									
Ivory coast									
Reunion									
west africa									
Mozambiq									
Yemen									
Kenya									
Congo									
Libya									
others*	147,489	6,000	66,550		36,220				256,259
<b>EUROPE and CIS</b>	<b>9,850</b>	<b>18,800</b>							<b>28,650</b>
In which: Russia		17,850							17,850
Ukraine									
Poland									
others*	9,850	950							10,800
<b>AMERICAS</b>				<b>137,000</b>					<b>137,000</b>
In which: Cuba				137,000					137,000
Brasil									
<b>AUSTRALIA</b>	<b>538</b>								<b>538</b>
UNKNOWN									
<b>TOTAL</b>	<b>227,554</b>	<b>29,022</b>	<b>113,512</b>	<b>563,576</b>	<b>36,770</b>	<b>480</b>	<b>250</b>	<b>506</b>	<b>971,670</b>

\* 'Others' indicates that no clear destination is declared. It may/may not include the countries in the list of the same region

Source: Traders

### Vietnam's fragrant rice exports

Vietnam's exports of fragrant rice has faced difficulties in early 2005. According to rice traders, despite the competitive price, Vienam fragrant rice is complained unstable and not as per required quality, rice is mixed with other kinds of rice. Export price for Viet Jamine rice is quoted at USD 280-285/mt, stable and unchanged from last 2004, while ordinary broken rices were topped up USD 35-40/mt.

### Vietnam's 2005 rice exports

Vietnam just reviewed its 16 years rice export from 1989-2005. The following table shows some facts of the whole 16 years period:

**Table 3: Vietnam Rice export in 16 years**

Year	Total export (mt)	Average export price (USD/mt)	Total value (USD mil.)
1989	1,372,567		
1990	1,461,566		274.52
1991	1,010,170		230.50
1992	1,916,053		405.53

1993	1,662,491		335.06
1994	2,134,342		420.86
1995	2,052,124		538.84
1996	3,058,712	285.61	868.42
1997	3,681,972	251.47	891.34
1998	3,792,674	274.73	1,005.48
1999	4,560,897	227.49	1,008.96
2000	3,393,800	191.93	615.82
2001	3,531,919	167.53	544.11
2002	3,247,014	223.86	608.12
2003	3,922,157	188.81	734.00
2004	4,200,000	232.06	941.00
2005 (est.)	4,000,000	250.00	1,000.00

The target value of rice export in 2005 is USD1 billion from the total export of 4,000 tmt with average export price USD250/kg. However, in the first quarter of 2005, the actual average export price was only USD240-242/mt. The average price should be increased in order to achieve the target in later 2005.

In 2005, Vietnamese exporters have faced difficulty from Banks' finance. Credit limit from the bank is cut down to only 1/4 compare with 2004. As a result, exporters have not been able to get adequate financial support to procure more rice quantity in their stock for better margin. Moreover, provincial food companies has recently been reorganized, some companies became accountant dependent. This made them more difficult in getting credit support from banks since banks only give finance to Vinafood, the mother company.

Post revises the estimate of Vietnam's 2005 rice exports at 4.0 mmt (see Vietnam rice PS&D table).

**Table 4: Vietnam Rice PS&D table**

Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2003		01/2004		05/2005
Area Harvested	7470	7407	7358	7468	7450	7460
Beginning Stocks	3493	1168	4769	2329	6069	3934
Milled Production	22831	22831	22630	23420	22803	23478
Rough Production	32617	32617	32329	33457	32576	33540
MILLING RATE (.9999)	7000	7000	7000	7000	7000	7000
TOTAL Imports	40	0	20	300	40	100
Jan-Dec Imports	40	0	20	300	40	100
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	26364	23999	27419	26049	28912	27512

TOTAL Exports	3795	3870	3500	4265	3750	4000
Jan-Dec Exports	3795	3870	3500	4265	3750	4000
TOTAL Dom. Consumption	17800	17800	17850	17850	18600	18000
Ending Stocks	4769	2329	6069	3934	6562	5512
TOTAL DISTRIBUTION	26364	23999	27419	26049	28912	27512

## POLICY

### Agricultural commodity whole sale markets

From April 2005, 3 projects of Agricultural commodity whole sales markets namely: Hau Thanh Dong (Long an province), Phu Cuong (Tien Giang province) and Thanh Binh (Dong Thap province) have officially gone into operation, the model is expected to bring benefits to both farmers and exporters. According to Vietnam Food Company, there should be at least 100 whole sales markets in Mekong River Delta to meet the demand of commodity market in the region.